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SUBJECT: NEW PUBLIC AND PRIVATE EFFORTS TO COMBAT PIRACY IN
MEXICO

REF: A) 2005 MEXICO 893; B) 2005 MEXICO 3999

SUMMARY

11. (U) Two new, potentially confrontational, efforts to combat contraband and piracy have recently been announced. On March 6, President Fox issued a decree to create a new Inter-Ministerial Commission to better coordinate enforcement of contraband and the illegal economy among GOM agencies and trade associations. A week later, private sector groups excluded from Fox's commission created an NGO to demand an effective response from IPR enforcement authorities and to promote legal reforms to pursue and sanction IPR violations. End summary.

COMMISSION TO COMBAT CONTRABAND AND ILLEGAL ECONOMY

12. (U) On March 6, President Fox issued a decree through the Ministry of the Government (Interior) to create an Inter-Ministerial Commission to "prevent and combat the illegal economy by inhibiting contraband and the distribution of illegally imported products in the informal economy." This goal would be accomplished through improved coordination, plans, operations, and policies among different government agencies, as well as increased private sector participation in the elaboration and modification of foreign trade and customs regulations. It also hopes to strengthen the rule of law through close collaboration with the Attorney General Office (PGR). Proposals on amendments to the federal judicial system aimed at sanctioning contraband and the illegal distribution of merchandise would be approved upon evaluation of their cost and benefit.

13. (U) The Commission will be led by representatives of the Ministry of the Interior, the Ministry of Public Security, the Ministry of Finance, and the Ministry of Economy. The Attorney General, the Chief of the Tax Administration System, the Customs Administrator, the Federal Fiscal Auditor, the Under Secretary of Industry and Trade, a member of the Presidential staff, and representatives from different private associations, chambers and confederations will act as permanent members of the Commission. For specific issues, the Commission will be able to invite representatives from other Ministries, state-run companies, municipalities and states.

A NEW NGO TO COMBAT PIRACY

¶4. (SBU) Roberto Castaneda, chair of the independent association Alliance against Piracy (and a manager for Nike), complained to Econoff and Econ FSN that the creation of the Inter-Ministerial Commission was done behind their backs. He said businesses, like Nike and Microsoft, and trade associations, like Motion Pictures Association (MPA) and the Mexican Recording Industry Association (Amprofon), were left out of the Commission. Instead, Presidencia included larger associations and chambers, such as the Mexican Employers Confederation (Coparmex) and the Business Coordinating Council (CCE).

¶5. (SBU) Due to the "authorities' inability to combat piracy and contraband, and in order to continue making our voices heard," Castaneda said representatives of Mexican and U.S. companies decided to create their own NGO, called the Institute for IPR and Legal Trade Protection (IPPIC). On March 16th the private sector, represented by the recording, software, apparel and movies industries, created the first NGO in Mexico to combat piracy. Fernando Hernandez, the president of AMPROFON, and Fidel Lopez, the National Apparel Chamber's lawyer, were designated President and Director General, respectively, of the new Institute.

¶5. (SBU) IPPIC's priorities will be to demand that federal and local authorities develop a strategy to effectively investigate and do intelligence work to combat organized crime; lobby Congress to pass a law that allows PGR to pursue IPR crimes "ex officio"; and, urge the Ministries of Economy, Finance, and PGR to create a state policy to combat

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the illegal economy. The Institute will also provide legal assistance on IPR issues, trade regulations and re-conversion proposals for the illegal markets.

¶6. (SBU) The Alliance against Piracy was the private sector's first positive effort to coordinate efforts against IPR violations. Unfortunately, due to a lack of human and monetary resources it has not been very effective. Castaneda said that the Alliance against Piracy will not compete against the recently created NGO, IPPIC. He said their efforts would be coordinated, but the NGO will have more access to needed resources.

COMMENT

¶7. (SBU) The new commission demonstrates the GOM's continued engagement on IPR and their understanding that improved inter-agency coordination is essential for improved IPR protection. Unfortunately, cutting out the leading (and most vocal) private sector participants from their anti-piracy efforts makes one wonder how serious this effort is. In addition, it sets up potential conflicts between the commission and the new IPPIC. Ultimately however, the IPPIC and the Alliance Against Piracy only want better IPR enforcement. It will be interesting to see whether this commission gets off the ground or bogs down like the big National Plan (reftel) which was announced by PGR in June 2005, was supposed to go into effect last December, but to date has not amounted to anything. End comment.
KELLY